Office - Supreme Court, U. S.
JUN 28 1944
CHARLES ELMORE CROPLEY
CLERK

(21)

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1944

No. 202

LANDIS MACHINE COMPANY,
Petitioner,

vs.

CHASO TOOL COMPANY, INC.,

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SIXTH CIRCUIT AND BRIEF IN SUPPORT THEREOF.

WILLIAM A. STRAUCH,
Counsel for Petitioner.

JAMES A. HOFFMAN,
J. MATTHEWS NEALE,
STRAUCH & HOFFMAN,
Of Counsel.

INDEX.

Subject Index.

	Page
Petition for writ of certiorari	1
Summary statement of matter involved	2
Reasons relied upon for allowance of the writ	5
Prayer for writ	9
Brief in support of petition	11
Opinions of the courts below	11
Jurisdiction	12
Statement of the case	13
Summary of argument	13
Argument	16
Conclusion	26

Table of Cases Cited.

American Safety Razor Corp. v. *Frings Bros. Co.*, 62 F. (2d) 416 ..... 2, 5, 8, 16

Carbice Corporation of America v. *American Patents Development Corp.*, 283 U. S. 27, 75 L. Ed. 819, 51 Sup. Ct. 334 ..... 2, 6, 19, 20

Ethyl Gasoline Corp. v. *United States*, 309 U. S. 436, 84 L. Ed. 852, 60 Sup. Ct. 631 ..... 6, 7, 12, 14, 17, 18, 19

General Electric v. *Continental Lamp Works*, 280 Fed. 846 ..... 6, 7, 12, 14, 15, 17, 18, 19

Gillette Safety Razor Co. v. *Hawley*, 64 F. (2d) 10 ..... 2, 8, 16

Gillette Safety Razor Co. v. *Standard Safety Razor Co.*, 64 F. (2d) 6 ..... 2, 5, 8, 16

Hamilton Shoe Co. v. *Wolf Brothers*, 240 U. S. 251, 60 L. Ed. 629, 36 Sup. Ct. 269 13

Leeds & Catlin Co. v. *Victor Talking Machine Co.* (No. 2), 213 U. S. 325, 53 L. Ed. 816, 29 Sup. Ct. 503, 2, 3, 6, 7, 8, 12, 13, 14, 15, 18, 19

Leitch Mfg. Co. v. *Barber Co.*, 302 U. S. 458, 82 L. Ed. 371, 51 Sup. Ct. 288 ..... 2, 6

Page

Mercoid Corp. v. *Mid-Continent Investment Co.*, 320 U. S. 661, 88 L. Ed. 262, 64 Sup. Ct. 268, 2, 3, 4, 6, 7, 8, 12, 15

Meccano, Limited, v. *John Wanamaker*, 253 U. S. 136, 64 L. Ed. 822, 40 Sup. Ct. 463 13

Morton Salt Co. v. *G. S. Suppiger Co.*, 314 U. S. 488, 88 L. Ed. 363, 62 Sup. Ct. 402 ..... 2, 6

Radio Corp. of America v. *Andreas*, 15 Fed. Supp. 685 ..... 6, 7, 12, 14, 15, 18, 19

Skee Ball Co. v. *Cohen*, 286 Fed. 275 ..... 6, 12, 14, 15, 18, 19

Pick Mfg. Co. v. *General Motors Corp.*, 80 F. (2d) 641 ..... 13, 15

Strauss v. *Victor Talking Machine Co.* 243 U. S. 491, 61 L. Ed. 866, 37 Sup. Ct. 412 ..... 6, 7, 12, 14, 15, 17, 18, 19

Thomson-Houston Electric Co. v. *Ohio Brass Co.*, 80 Fed. 712 23

United Shoe Machinery Corp. v. *United States*, 258 U. S. 451, 66 L. Ed. 708, 42 Sup. Ct. 363, 6, 12, 14, 15, 17, 19

Wilson v. *Simpson*, 9 How. 109, 13 L. Ed. 66, 2, 5, 8, 12, 14, 18

STATUTES CITED.

Judicial Code, Sec. 240(a), as amended, 28 U. S. C. 347 12

Clayton Act, Chapter 323, Sec. 3, of the Act of October 15, 1914, 38 Stat. 731, 15 U. S. C. 14 and 15 2

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1944

No. 202

LANDIS MACHINE COMPANY,

vs. *Petitioner,*

CHASO TOOL COMPANY, INC.,

Respondent.

PETITION FOR WRIT OF CERTIORARI.

TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SIXTH CIRCUIT.

To the Honorable Harlan F. Stone, Chief Justice of the United States, and the Associate Justices of the Supreme Court of the United States:

Your petitioner, Landis Machine Company, respectfully prays for a writ of certiorari to the Circuit Court of Appeals for the Sixth Circuit to review the decree of that Court, dated April 4, 1944 (R. 4250) in suits for alleged infringement of fourteen machine tool patents, affirming the decrees of the District Court of the United States for the Eastern District of Michigan, Southern Division (R. p.

4204; 53 USPQ 200), directing that the bills of complaint (R. p. 4204) be dismissed.

The transcript of the record in these cases, including the proceedings in the Circuit Court of Appeals, has been furnished in accordance with the rules of this Court.

A.

Summary Statement of Matter Involved.

These causes arose from equity suits for patent infringement filed by Petitioner against Respondent, and involve the application of the doctrine of expendable or perishable elements of patented combinations under the decision of this Honorable Court in *Wilson* v. *Simpson*, 9 How. (50 U. S.) 109, 13 L. Ed. 66, as interpreted in the cases of *Gillette Safety Razor Co.* v. *Standard Safety Razor Co.*, 64 Fed. (2d) 6 (17 USPQ 397) (C. C. A. 2), *Gillette Safety Razor Co.* v. *Hawley*, 64 Fed. (2d) 10 (17 USPQ 401) (C. C. A. 2); *American Safety Razor Corp.* v. *Frings Bros. Co.*, 62 Fed. (2d) 416 (16 USPQ 79) (C. C. A. 3); the applicability of the doctrine of misuse of patents under this Honorable Court's decisions in the cases of *Carbice Corporation of America et al.* v. *American Patents Development Corp.*, 283 U. S. 27, 75 L. Ed. 819, 51 S. Ct. 334; *Leitch Mfg. Co.* v. *Barber Co.*, 302 U. S. 458, 82 L. Ed. 371, 51 S. Ct. 288, *Morton Salt Co.* v. *G. S. Suppiger Co.*, 314 U. S. 488, 88 L. Ed. 363, 62 S. Ct. 402, and *Mercoid Corp.* v. *Mid-Continent Investment Co.*, 320 U. S. 661, 88 L. Ed. 262, 64 S. Ct. 268; the applicability of the Clayton Act of October 15, 1914, c. 323, Secs. 3 and 4, 38 Stat. 731, U. S. C. Title 15, Secs. 14 and 15, to Petitioner's patent and license notices; and the application of the doctrine of contributory infringement under this Honorable Court's decision in *Leeds & Catlin Co.* v. *Victor Talking Machine Co.*, (*No. 2*), 213 U. S. 325,

53 L. Ed. 816, 29 S. Ct. 503, as modified by the decision in *Mercoid Corp.* v. *Mid-Continent Investment Co.*, 320 U. S. 661, 88 L. Ed. 262, 64 S. Ct. 268, and the cases referred to therein.

The suits against Respondent, Chaso Tool Company, Inc., are based primarily on contributory infringement of fourteen patents, claiming novel thread-cutting combinations, charged by the bills of complaint (R. pp. 16-19), which sought an injunction and accounting for past infringement of the patents in suit (R. p. 28).

The District Court in the instant causes held the patents, all of which contained combination claims, anticipated or devoid of invention over prior art, none of which disclosed or suggested the particular combinations claimed or devices capable of accomplishing the improved results obtained by these combinations; held that the defendant was not guilty of contributory infringement by reason of its manufacture of the threading chasers, the element of the patent claims which controls the automatic operation of the combinations, feeds the work and cuts the threads; held that plaintiff's patent and license notices in effect, but not expressly, gave plaintiff a monopoly beyond the scope of its patents and constituted a violation of the Clayton Act.

The Court of Appeals refused to pass on the question of validity of the patents but affirmed the District Court's ruling as to contributory infringement on the theory that the threading chasers were expendable or perishable elements; affirmed the District Court's ruling as to misuse of patents by reason of the patent and license notices on the theory that the chaser was an expendable element not protected by the combination claims; that while the patent and license notices did not expressly constitute an unlawful condition of sale, by inescapable implication they did

constitute an unlawful condition rendering plaintiff guilty of violation of the Clayton Act; and denied plaintiff's contention that this case was controlled by the Leeds & Catlin doctrine of contributory infringement, as modified by the decisions of this Honorable Court in *Mercoid* v. *Mid-Continent Investment Co.*, 320 U. S. 661, 88 L. Ed. 262, 64 S. Ct. 268, while refusing to specifically base its decision on this proposition because of a belief that the full sweep of the implications of the Mercoid decision could not be fully grasped because of its newness and the fact that it felt this Honorable Court's specific application of the Mercoid decision to other cases should be awaited before attempting to apply the doctrine announced therein.

The findings of the District Court upon which its rulings and the rulings of the Court of Appeals are based consist of two hundred and ninety-eight (298) fact findings substantially all of which are fully supported by the record; show that defendant, knowingly and with intent that its chasers be used in bringing into being the patented combinations covered by the patents in suit, sold the chasers to users who completed the infringing combinations (Findings 221 to 229, 233; R. pp. 4184, 4185, 4186); and show that plaintiff's patent and license notices do not contain any condition heretofore held to be repugnant to the doctrine of the Carbice line of cases or the Clayton Act (Findings 292, 295, 296, 297; R. pp. 4192, 4194, 4195).

Respondent, Chaso Tool Co., Inc., admittedly copied plaintiff's thread cutting chasers in minute detail from actual specimens of plaintiff's thread cutting chasers (Findings 277, 278; R. p. 4190); did not make the complete patented combination (Finding 242; R. p. 4187); and sells said precise copies of plaintiff's thread cutting chasers to its customers with the specific intention that plaintiff's customers shall bring into being specifically different new

patent combinations for producing a different kind or size thread or revitalize patented combinations which had become exhausted by reason of full use of the long and reasonable life of chasers purchased from plaintiff in the production of the same size and kind of thread (Findings 225 to 229; R. pp. 4184, 4185; Stipulation, PX-3, in exhibit book supplementing printed record).

B.

Reasons Relied Upon for Allowance of the Writ.

I.

The Court of Appeals decision, under the circumstances of this case, that the threading chasers of petitioner's thread cutting combinations are perishable elements and therefore may be supplied without liability for contributory infringement is, it is submitted, an unwarranted extension of this principle as announced by this Honorable Court in *Wilson* v. *Simpson*, 9 How. 109, 13 L. Ed. 66, and the decisions relied upon by the Court of Appeals, namely, *Gillette Safety Razor Co.* v. *Standard Safety Razor Co.*, 64 Fed. (2d) 6 (C. C. A. 2); *Gillette Safety Razor Co.* v. *Hawley*, 64 Fed. (2d) 10 (C. C. A. 2); *American Safety Razor Corp.* v. *Frings Bros. Co.*, 62 Fed. (2d) 416 (C. C. A. 3), and is contrary to the true doctrine as set forth in this Honorable Court's opinion in *Wilson* v. *Simpson*.

This diversity of opinion and practice between the Sixth Circuit Court of Appeals and this Court's decisions it is respectfully submitted should be settled by this Honorable Court under its supervisory authority.

II.

The Court of Appeals decision in this case that there was no error in the decree dismissing the bill because plain-

tiff had attempted to expand its monopoly to cover unpatented chasers by notices is an unwarranted extension of the doctrine of the decisions of this Honorable Court in *Carbice Corp.* v. *American Patents Corp.*, 283 U. S. 27, 75 L. Ed. 819, 51 S. Ct. 334; *Leitch Mfg. Co.* v. *Barber Co.*, 302 U. S. 458, 80 L. Ed. 371, 58 S. Ct. 288; *Morton Salt Co.* v. *G. S. Suppiger Co.*, 314 U. S. 488, 88 L. Ed. 363, 62 S. Ct. 402; and *Mercoid Corp.* v. *Mid-Continent Investment Co.*, 320 U. S. 661, 88 L. Ed. 262, 64 S. Ct. 268 in that it extends the rule announced by this Honorable Court, namely, that agreements or understandings granting a patent holder a monopoly beyond the scope of his patent constitute a misuse of the patent and are contrary to the plain rights of a patentee, as set forth in this Honorable Court's opinions in the cases of *Ethyl Gasoline Corp.* v. *United States*, 309 U. S. 436, 84 L. Ed. 852, 60 S. Ct. 631; *Leeds & Catlin Co.* v. *Victor Talking Machine Co. (No. 2)*, 213 U. S. 325, 53 L. Ed. 816, 29 S. Ct. 503; *Strauss et al.* v. *Victor Talking Machine Co.*, 243 U. S. 490, 61 L. Ed. 866, 37 S. Ct. 412; *United Shoe Machinery Corp.* v. *United States*, 258 U. S. 451; 66 L. Ed. 708, 42 S. Ct. 363 and the cases of *General Electric* v. *Continental Lamp Works*, 280 F. 846 (C. C. A. 2); *The Skee Ball Co.* v. *Cohen*, 286 Fed. 275 (D. C. S. D. N. Y.); *Radio Corp. of America et al.* v. *Andreas*, 15 Fed. S. 685 (D. C. E. D. N. Y.).

In view of this diversity of opinion and practice, it, therefore, is respectfully submitted that the proper practice should be settled by this Honorable Court exercising its supervisory authority.

III.

The patent law has been consistently construed by this Honorable Court to give a patent owner the right to exclude others from manufacturing, using or selling the thing patented. As plaintiff's patent notices and license

notices merely advise the public and are merely an exercise of plaintiff's exclusive rights, the holding of the lower courts that plaintiff has violated the Clayton Act is contrary to this Honorable Court's decision in the case of *Ethyl Gasoline Corp.* v. *United States*, 309 U. S. 436, 84 L. Ed. 852, 60 S. Ct. 631; *Strauss et al.* v. *Victor Talking Machine Co.*, 243 U. S. 490, 61 L. Ed. 866, 37 S. Ct. 412, and the cases of *General Electric Co.* v. *Continental Lamp Works*, 280 Fed. 846 (C. C. A. 2), *The Skee Ball Co.* v. *Cohen*, 286 Fed. 275 (D. C. E. D. N. Y.), *Radio Corp. of America et al.* v. *Andreas*, 15 Fed. S. 685 (30 USPQ 194) (D. C. E. D. N. Y.), and *Pick Manufacturing Co.* v. *General Motors Corp. et al.*, 80 Fed. (2d) 641 (C. C. A. 7).

It, therefore, is respectfully submitted that the ruling of the Circuit Court of Appeals in this case that plaintiff has violated the Clayton Act raises a question of diversity of opinion and practice which should be settled by this Honorable Court under its supervisory authority.

IV.

The Circuit Court of Appeals for the Sixth Circuit in this case suggests (R. 4251) that this Honorable Court's decision in *Mercoid Corp.* v. *Mid-Continent Investment Co.*, 320 U. S. 661, 88 L. Ed. 262, 64 S. Ct. 268, modifying the doctrine of contributory infringement as set forth in the case of *Leeds & Catlin Co.* v. *Victor Talking Machine Co.* (No. 2), 213 U. S. 325, 53 L. Ed. 816, 29 S. Ct. 503, leads to the conclusion that nothing has been left of the doctrine of contributory infringement and clearly indicates that clarification of this doctrine of the Patent Law is necessary to enable the Patent Office, the Courts, patentees in general, and the general public to be in a position to determine the right of patentees in combination patents of the type involved in this suit. It, therefore, is respectfully submitted that this Honorable Court should

exercise its supervisory authority to clarify the doctrine of contributory infringement as applied to the facts of this case to serve as a guide on this important question so widely affecting the rights of patentees and the general public.

V.

The Circuit Court of Appeals in this case, as a practical matter, ruled that a supplier of an unpatented element of a patented combination may supply the unpatented element to enable others to assemble for the first time a patented combination, using the unpatented element and other elements supplied by the patent owner for non-infringing use by themselves. Such a holding, it is submitted, is a clear extension of the doctrine of expendable elements as determined by the decision of this Honorable Court in *Wilson* v. *Simpson*, 9 How. 109, 13 L. Ed. 66, and the cases of *Gillette Safety Razor Co.* v. *Standard Safety Razor Co.*, 64 Fed. (2d) 6 (C. C. A. 2); *Gillette Safety Razor Co.* v. *Hawley*, 64 Fed. (2d) 10 (C. C. A. 2) *American Safety Razor Corp.* v. *Frings Bros. Co.*, 62 Fed. (2d) 416 (C. C. A. 3) and is contrary to the contributory infringement doctrine of *Leeds & Catlin Co.* v. *Victor Talking Machine Co.* (No. 2), 213 U. S. 325, 53 L. Ed. 816, 29 S. Ct. 503, as modified by this Honorable Court's decision in *Mercoid Corp.* v. *Mid-Continent Investment Co.*, 320 U. S. 661, 88 L. Ed. 262, 64 S. Ct. 268.

It, accordingly, is respectfully submitted that this Honorable Court should exercise its supervisory authority and settle the question of whether the contributory infringement doctrine is available to patentees to protect their patent rights by a suit against a supplier who flagrantly aids others to produce a patented combination by supplying an unpatented element, usable only in the patented combination, for use with other elements having non-infringing

use purchased from the patentee with full knowledge of the patentee's combination patent rights.

Therefore, your petitioner respectfully prays that a Writ of Certiorari be issued out of and under the seal of this Honorable Court, directed to the Circuit Court of Appeals for the Sixth Circuit, commanding that Court to certify and to send to this Court for its review and determination a full and complete transcript of the record and all proceedings in the case numbered and entitled on its Docket No. 9524, Landis Machine Company, Plaintiff-Appellant, versus Chaso Took Company, Inc., Defendant-Appellee, and that the decree of the Circuit Court of Appeals for the Sixth Circuit may be reversed by this Honorable Court, and that your Petitioner may have such other and further relief in the premises as to this Honorable Court may seem mete and just.

LANDIS MACHINE COMPANY,
By WILLIAM A. STRAUCH,
Counsel for Petitioner.

IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1944

No. 202

LANDIS MACHINE COMPANY,
Petitioner,

vs.

CHASO TOOL COMPANY, INC.,
Respondent.

BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI.

I.

The Opinions of the Courts Below.

The opinion of the Sixth Circuit Court of Appeals is reported at 141 Fed. (2d) 800 (61 USPQ 164) and appears at pages 4251-59 of the record. No opinion was written by the District Court but its Findings of Fact and Conclusions of Law appear at pages 4148 to 4204 of the record and are reported at 53 USPQ 200.

II.

Jurisdiction.

(1) The jurisdiction of this Honorable Court is invoked under Section 240 (a) of the Judicial Code as amended by the Act of February 13, 1925, 28 U. S. Code, Section 347.

(2) The date of the opinion below is April 4, 1944 (R. 4250) and the mandate was stayed on June 1 by order of the Sixth Circuit Court of Appeals, pending disposition of this petition (R. 4260).

(3) This petition involves a combination of two equity suits arising under the patent laws of the United States. The opinion of the Circuit Court of Appeals for the Sixth Circuit requires that the Bills of Complaint be dismissed and that petitioner be enjoined from applying its patent and license notices to its products in view of the ruling that such notices constitute a violation of the Clayton Act of October 15, 1914, c. 323, Sec. 3, 38 Stat. 731, because of the limited scope of petitioner's patent rights (R. 4251). These rulings, it is submitted, are contrary to the decision of this Honorable Court in *Wilson* v. *Simpson*, 9 How. 109, 13 L. Ed. 66; *Strauss et al.* v. *Victor Talking Machine Co.*, 243 U. S. 490, 61 L. Ed. 866, 37 S. Ct. 412; *Ethyl Gasoline Corp.* v. *United States*, 309 U. S. 436, 84 L. Ed. 852, 60 S. Ct. 631; *United Shoe Machinery Corp.* v. *United States*, 258 U. S. 451, 66 L. Ed. 708, 42 S. Ct. 363; *Leeds & Catlin Co.* v. *Victor Talking Machine Co.* (No. 2), 213 U. S. 325, 53 L. Ed. 816, 29 S. Ct. 503, as modified by *Mercoid Corp.* v. *Mid-Continent Investment Co.*, 320 U. S. 661, 88 L. Ed. 262, 64 S. Ct. 268; and the cases of *General Electric* v. *Continental Lamp Works*, 280 Fed. 646 (C. C. A. 2); *The Skee Ball Co.* v. *Cohen*, 286 Fed. 275 (D. C. E. D. N. Y.); *Radio Corporation of America et al.* v. *Andreas*, 15 F. S. 685 (D. C. E. D. N. Y.);

and *Pick Manufacturing Co.* v. *General Motors Corp. et al.*, 80 Fed. (2d) 641 (C. C. A. 7).

It is also submitted, that the present petition raises a question of contributory infringement under the *Leeds & Catlin case* (No. 2), 213 U. S. 325, 53 L. Ed. 816, 29 S. Ct. 503, which is an important question of presently unsettled Federal law that should be settled by this Honorable Court under its supervisory authority.

It, accordingly, is submitted that this petition should be granted under the rulings of this Honorable Court in *Meccano, Limited* v. *John Wanamaker*, 253 U. S. 136, 140, 64 L. Ed. 822, 40 S. Ct. 463, and the cases therein cited, *Hamilton Shoe Co.* v. *Wolf Brothers*, 240 U. S. 251, 60 L. Ed. 629, 36 S. Ct. 269, and the cases therein cited.

III.

Statement of the Case.

A full statement of the case has been given under heading "A" in the petition and in the interest of brevity the statement will not be repeated at this point.

IV.

Summary of Argument.

POINT I: The nature of the thread cutting chasers here involved and their relative life and relation to the threads in which they are used, the cost of the chasers as compared to the reasonableness of the price paid for the heads useful in other relations in light of the life of the chasers and the lack of implied right to use chasers in the heads sold for other purposes resulting from the manner of sale all negative the right to replace chasers as expendable elements without license from petitioner held to

exist by the Court of Appeals. *Wilson* v. *Simpson*, 9 How 109, 13 L. Ed. 66; *Leeds & Catlin Co.* v. *Victor Talking Ma chine Co.* (No. 2), 213 U. S. 325, 53 L. Ed. 816, 29 S. C 503; *Strauss et al.* v. *Victor Talking Machine Co.*, 243 U. S 490, 61 L. Ed. 866, 37 S. Ct. 412; *Ethyl Gasoline Corp.* v *United States*, 309 U. S. 436, 84 L. Ed. 852, 60 S. Ct. 631 *United Shoe Machinery Corp.* v. *United States*, 258 U. S 451, 66 L. Ed. 708, 42 S. Ct. 363; *General Electric* v. *Con tinental Lamp Works*, 280 Fed. 846 (C. C. A. 2); *The Skee Ball Co.* v. *Cohen*, 286 Fed. 275 (D. C. E. D. N. Y.); and *Radio Corporation of America et al.* v. *Andreas*, 15 Fed. S 685 (D. C. E. D. N. Y.).

Point II: Petitioner's patent and license notices merel carry into effect a patentee's exclusive rights under dul issued patents and do not extend the exclusive patent rights They are therefore proper and do not provide a basis fo holding petitioner guilty of a misuse of its patents. *Leed & Catlin Co.* v. *Victor Talking Machine Co. (No. 2)*, 21 U. S. 325, 53 L. Ed. 816, 29 S. Ct. 503; *Strauss et al.* v. *Victo Talking Machine Co.*, 243 U. S. 490, 61 L. Ed. 866, 37 S. C 412; *United Shoe Machinery Corp.* v. *United States*, 25 U. S. 451, 66 L. Ed. 708, 42 S. Ct. 363; *General Electric* v *Continental Lamp Works*, 280 Fed. 846 (C. C. A. 2); *Th Skee Ball Co.* v. *Cohen*, 286 Fed. 275 (D. C. E. D. N. Y.); and *Radio Corp. of America et al.* v. *Andreas*, 15 Fed. S. 68 (D. C. E. D. N. Y.).

Point III: Petitioner's patent and license notices merel carry into effect the exclusive rights granted in duly issue patents and in themselves do not contain conditions, agree ments or understandings tending to create an unlawfu monopoly. They are therefore proper and do not provid a basis for holding petitioner guilty of a violation of th Clayton Act. *Leeds & Catlin Co.* v. *Victor Talking Machin*

Co. (No. 2), 213 U. S. 325, 53 L. Ed. 816, 29 S. Ct. 503; *Strauss et al.* v. *Victor Talking Machine Co.*, 243 U. S. 490, 61 L. Ed. 866, 37 S. Ct. 412; *United Shoe Machinery Corp.* v. *United States*, 258 U. S. 451, 66 L. Ed. 708, 42 S. Ct. 363; *General Electric* v. *Continental Lamp Works*, 280 Fed. 846 (C. C. A. 2); *The Skee Ball Co.* v. *Cohen*, 286 Fed. 275, (D. C. E. D. N. Y.); *Radio Corp. of America et al.* v. *Andreas*, 15 Fed. S. 685 (D. C. E. D. N. Y.); *Pick Manufacturing Co.* v. *General Motors Corp. et al.*, 80 Fed. (2d) 641 (C. C. A. 7).

POINT IV: The doctrine of contributory infringement announced by this Honorable Court in *Leeds & Catlin Co.* v. *Victor Talking Machine Co. (No. 2)*, 213 U. S. 325, 53 L. Ed. 816, 29 S. Ct. 503, and modified by this Honorable Court's decision in *Mercoid Corp.* v. *Mid-Continent Investment Co.*, 320 U. S. 661, 88 L. Ed. 262, 64 S. Ct. 268, does not deprive petitioner of the right to prevent respondent stocking and supplying thread cutting chasers specifically designed for and whose sole use is in assembling petitioner's patented combinations, with the intent of instigating, aiding and abetting others in producing infringing combinations, particularly where petitioner manufactures and sells the patented combinations and uses its patents merely for the purpose of protecting rights to sell the patented combinations.

POINT V: The doctrine of expendable or perishable elements of a patented combination does not justify respondent's manufacture, stocking and sale of the chasers to users of the patented thread cutting combinations to enable users to assemble the patented combinations without license for the first time with heads purchased from the petitioner for non-infringing uses.

V.

Argument.

POINT I: The doctrine of expendable or perishable el ments, which the Court of Appeals principally relies upo as the basis of its reasoning in this case, is set out in thi Honorable Court's opinion in *Wilson* v. *Simpson*, 9 How 109, 13 L. Ed. 66, and is exemplified by the decisions cite by the Court of Appeals, namely, *Gillette Safety Razor C* v. *Standard Safety Razor Co.*, 64 Fed. (2d) 6 (C. C. A. 2) *Gillette Safety Razor Co.* v. *Hawley*, 64 Fed. (2d) 1 (C. C. A. 2); *American Safety Razor Co.* v. *Frings Bros. Co* 52 Fed. (2d) 416 (C. C. A. 3). In all of these cases, th expendable element was an element of slight expense capa ble of effective use once, or for a relatively short time only and the patented combination was sold under condition which led the purchaser to understand that he had th implied right, if he so chose, to replace the element t obtain a fair return for his investment in the complete com bination. Furthermore, in all of these cases, the portio of the combination remaining after the expendable elemen became worn was incapable of any practical use, unless replacement element could be secured.

In the present case the chasers have a relatively long an reasonable life in the patented combination, and the head in which they are used are sold with plain notice that the are sold for purposes other than use in the patented threa cutting combinations, while petitioner's chasers are sol with license to use them for their life in the patented threa cutting combinations. The Court of Appeals stated tha the petitioner's chasers sold for about $9.00 a set and th die heads from $90.00 to $350.00 (R. 4256). It failed however, to note that the heads in suit can be and are use for purposes other than threading (F. 59, R. 4155), tha

the competitive radial chasers sold in competition with petitioner's chasers cost only $3.00 a set (F. 24, R. 4150), that these radial chasers, like the expendable elements of the cases relied upon by the Court of Appeals, are capable of proper use once or as a practical matter only a very few times (F. 70, R. 4157), whereas petitioner's chasers here in suit can be reground forty to two hundred times (F. 71, R. 4157) and can be reset to their proper position after each regrinding (F. 70, R. 4157). As a matter of fact, a single set of the chasers here in suit has approximately twenty times the life of a set of radial chasers (R. 819, 1358, 1476, 1477, 1484) and will produce two hundred thousand (200,000) to one million (1,000,000) steel bolts (F. 69, 71, R. 4157), at a cost of from a little over .0003 of a cent to about .001 of a cent per bolt, using the maximum cost figures cited by the Court of Appeals in its opinion and the minimum number of bolts. It clearly follows that a purchaser of petitioner's patented thread cutting combinations under petitioner's notice buys the heads for other purposes only and obtains his full money's worth at the end of the life of a single set of chasers. It follows further that petitioner's chasers are not, in any sense, the equivalent of the short lived, inexpensive expendable cutters of the decisions relied upon by the Court of Appeals. It, accordingly, is submitted that the Court erred in so holding in disregard of petitioner's patent notices and limited licenses, subject to which all purchases are made from petitioner and which are authorized by the decisions of this Honorable Court, namely, *Strauss et al.* v. *Victor Talking Machine Co.*, 243 U. S. 490, 61 L. Ed. 866, 37 S. Ct. 412; *Ethyl Gasoline Corp.* v. *United States*, 309 U. S. 436, 84 L. Ed. 852, 60 S. Ct. 631; *United Shoe Machinery Corp.* v. *United States*, 258 U. S. 451, 66 L. Ed. 708, 42 S. Ct. 363; and the cases of *General Electric* v. *Continental Lamp*

Works, 280 Fed. 846 (C. C. A. 2); *The Skee Ball Co.* v. *Cohen*, 286 Fed. 275 (D. C. E. D. N. Y.); and *Radio Corp. of America et al.* v. *Andreas*, 15 Fed. S. 685 (D. C. E. D. N. Y.).

We submit the Court of Appeals erred in refusing to properly apply the law as decided by this Honorable Court in the cases of *Wilson* v. *Simpson*, 9 How. 109, 13 L. Ed. 66 and *Leeds & Catlin Co.* v. *Victor Talking Machine Co.* (*No. 2*), 213 U. S. 325, 53 L. Ed. 816, 29 S. Ct. 503, because of failure to recognize the nature of the chasers involved, and the clear lack of implied right of purchasers to replace worn out chasers after having obtained the benefits of long and reasonable life of the chasers purchased from petitioner, or to assemble different combinations from those originally purchased by purchasing chasers to cut different threads than those originally licensed by petitioner.

Point II: The Court of Appeals ruling as to misuse of patents is based on petitioner's patent and license notices (F. 292 and 295 to 297, R. p. 4192 to 4196). The patent notices of Findings 292, 295, 297 are applied to chaser boxes, petitioner's invoices and tags tied to petitioner's die heads and holders, which are patented apart from the combination claims here in suit and are used for many operations other than thread cutting (F. 59 to 61, R. 4155, 4156). The license notice of Finding 296 is applied to petitioner's chaser boxes and constitutes an unlimited license to use these chasers in heads sold by petitioner or anyone else to produce the thread cutting combinations covered by the patents in suit for the life of the chaser only. Clearly, the patent notices merely advise the public of petitioner's patent rights and are proper under this Honorable Court's decision in *Ethyl Gasoline Corp.* v. *United States*, 309 U. S. 436, 84 L. Ed. 852, 60 S. Ct. 631; *Strauss et al.* v. *Victor Talking Machine Co.*, 243 U. S. 490,

61 L. Ed. 866, 37 S. Ct. 412; *United Shoe Machinery Corp.* v. *United States*, 258 U. S. 451, 66 L. Ed. 708, 42 S. Ct. 363.

The license notice merely constitutes an unconditional license to use the chasers throughout their life in producing plaintiff's patented combinations and includes the right to purchase the heads and holders from others for use in the patented combinations with petitioner's chasers. It does not impose any condition whatsoever upon the purchaser as to the use of the chasers actually purchased by him nor require him to use these chasers in petitioner's heads and holders. It, accordingly, is respectfully submitted that this license is proper under the authority of this Honorable Court's decision in *Ethyl Gasoline Corp.* v. *United States*, 309 U. S. 436, 84 L. Ed. 852, 60 S. Ct. 631; *Strauss et al.* v. *Victor Talking Machine Co.*, 243 U. S. 490, 61 L. Ed. 866, 37 S. Ct. 412; *United Shoe Machinery Corp.* v. *United States*, 258 U. S. 451, 66 L. Ed. 708, 42 S. Ct. 363 and the cases of *General Electric* v. *Continental Lamp Works*, 280 Fed. 846 (C. C. A. 2); *The Skee Ball Co.* v. *Cohen*, 286 Fed. 275 (D. C. E. D. N. Y.); and *Radio Corp. of America et al.* v. *Andreas*, 15 Fed. S. 685 (D. C. E. D. N. Y.). As a matter of fact, these notices together merely advise the public of the specific rights which this Honorable Court has repeatedly recognized as existing in favor of owners of patents. *Leeds & Catlin Co.* v. *Victor Talking Machine Co.* (*No. 2*), 213 U. S. 325, 53 L. Ed. 816, 29 S. Ct. 503; *Strauss et al.* v. *Victor Talking Machine Co.*, 243 U. S. 490, 61 L. Ed. 866, 37 S. Ct. 412; and *Ethyl Gasoline Corp.* v. *United States*, 309 U. S. 436, 84 L. Ed. 852, 60 S. Ct. 631.

It, accordingly, is respectfully submitted that petitioner's patent and license notices do not extend or attempt to extend its patent rights in an inequitable or illegal manner and that, therefore, the wrong contemplated by the Honorable Court's decisions in *Carbice Corp.* v. *American Patents*

Corp., 283 U. S. 27, 75 L. Ed. 819, 51 S. Ct. 334; *Leitch Mfg. Co.* v. *Barber Co.*, 302 U. S. 458, 82 L. Ed. 371, 51 S. Ct. 288; *Morton Salt Co.* v. *G. S. Suppiger Co.*, 314 U. S. 488, 88 L. Ed. 363, 62 S. Ct. 402; and *Mercoid Corp.* v. *Mid-Continent Investment Co.*, 320 U. S. 661, 88 L. Ed. 262, 64 S. Ct. 268, is not present in these notices. It, accordingly, is submitted that this Honorable Court should exercise its supervisory authority to resolve the conflict between the decisions of the Court of Appeals and District Court in this case and its own decisions relied upon by petitioner.

POINT III: Petitioner's patent and license notices are fully supported by authority, including decisions of this Honorable Court, and as they merely delineate petitioner's patent rights under its duly granted patents as set forth in Point II hereof, it is respectfully submitted that the lower court's rulings that petitioner is guilty of a violation of the Clayton Act of October 15, 1914, c. 323, Sec. 3, 38 Stat. 73, U. S. C. Title 15, Sec. 14, is in conflict with the pronouncements of this Court and the subordinate Federal Courts regarding patent and license notices relied upon by petitioner, and are contrary to the Act itself, which requires an agreement collateral to the sale and imposing a condition, agreement or understanding that the purchaser shall not use or deal in the goods, wares, merchandise, machinery, supplies, or other commodities of a competitor or competitors of the seller.

The particular section of the Clayton Act involved is Chapter 323, Sec. 3, of the Act of October 15, 1914, 38 Stat. 731, U. S. C. Title 15, Sec. 14, reading as follows:

> "Sale, etc., on agreement not to use goods of competitor.
>
> "It shall be unlawful for any person engaged in commerce, in the course of such commerce, to lease or

make a sale or contract for sale of goods, wares, merchandise, machinery, supplies, or other commodities, whether patented or unpatented, for use, consumption, or resale within the United States or any territory thereof or the District of Columbia or any insular possession or other place under the jurisdiction of the United States, or fix a price charged therefor, or discount from, or rebate upon, such price, on the condition, agreement, or understanding that the lessee or purchaser thereof shall not use or deal in the goods, wares, merchandise, machinery, supplies, or other commodities of a competitor or competitors of the lessor or seller, where the effect of such lease, sale, or contract for sale or such condition, agreement, or understanding may be to substantially lessen competition or tend to create a monopoly in any line of commerce."

The Court of Appeals in this case definitely ruled in its opinion (R. 4258) that petitioner's notices did not contain express conditions, agreements or understandings violative of the Clayton Act but that practically and by inescapable implication an illegal condition was imposed. No authority was cited for this position in the Court's opinion and no authority, it is submitted, can be found to justify this ruling, since petitioner's patent notices and license notices are legally proper under the decisions referred to in Point II hereof. Nowhere in these notices is there any collateral condition, agreement, or understanding that the purchaser shall not use or deal in the goods, wares, merchandise, machinery, supplies or other commodities of a competitor nor any requirement that the purchaser must buy petitioner's chasers or petitioner's die heads or holders. In fact, the chaser license includes the right to use the holders of heads in combination therewith. As a consequence, it is respectfully submitted that the Circuit Court of Appeals decision is in conflict with the decisions of this Court and the subordinate Federal Courts which have approved petitioner's

patent and license notices, and this Honorable Court should exercise its supervisory authority to resolve this conflict and clarify the application of the Clayton Act in its relation to patent rights, to the end that the public, the courts and petitioner may be advised of the relative rights of patentees and the public regarding patent and license notices.

POINT IV: To the end that the Patent Office, the Courts, patentees in general, and the general public may be in a position to determine the rights of patentees in combination patents of the type involved in this suit, it is respectfully prayed that this Honorable Court follow the suggestion of the Court of Appeals in this case (R. 4251) and, by application of the law to the specific facts of this case, clarify the doctrine of contributory infringement under the case of *Leeds & Catlin Co.* v. *Victor Talking Machine Co. (No. 2)*, 213 U. S. 325, 53 L. Ed. 816, 29 S. Ct. 503, as modified by this Honorable Court's decision in *Mercoid Corp. v. Mid-Continent Investment Co.*, 320 U. S. 661, 88 L. Ed. 262, 64 S. Ct. 268, and the cases referred to therein. The Circuit Court of Appeals in this case, correctly we submit, points out the full sweep of the implications of the Mercoid doctrine is not clearly grasped and that the controlling authority of this Court's opinions specifically applying the doctrine in other cases to crystallize the Mercoid doctrine is necessary to safely guide the lower Courts in application of this doctrine. The present case, it is submitted, presents an ideal situation for clarification of this doctrine, since there is a complete absence of express contract conditions compelling the public or users of petitioner's patented structures to purchase the elements of petitioner's patented combinations from petitioner, a clear negativing of implied right to replace or substitute chasers by written notice to the purchasers, and a clear case of a patent owner attempt-

ing to rely on its patent rights alone in seeking protection from unlawful competition. Certainly, this Court's decision in the Mercoid case does not have the effect of overruling the basic principle that infringement is a tort or that one who wilfully, deliberately and knowingly aids and abets the commission of a tort by others is jointly and severally liable for the damages resulting from his own and confederates' tortious acts. Since the doctrine of torts is a basic principle of our common law and since the doctrine of contributory infringement is based on these unquestionably equitable principles, as shown by the decisions of this Honorable Court in the cases of *Leeds & Catlin* v. *Victor Talking Machine Co.*, 213 U. S. 325, 332, 333, 53 L. Ed. 816, 29 S. Ct. 503, and *Thomson-Houston Electric Co.* v. *Ohio Brass Co.*, 80 Fed. 712 (C. C. A. 6), it is respectfully submitted that this Court should at this time point out the limits of the doctrine of joint tort feasors, as applied to patent infringement, to the end that the Patent Office, Courts, patent owners, and the public may determine their relative rights as a practical matter for the infringement and granting of such combination patents.

Point V: The Circuit Court of Appeals ruled in its decision that respondent had the right to make and sell its chasers designed and suited practically only for use in the patented combinations, with the intention that they be used in the combinations patented to petitioner, because said chasers were held the expendable or perishable element of the combinations. It seemingly assumed that purchasers bought, and respondent sold, said chasers solely to revitalize worn-out combinations, or concluded that it was immaterial how respondent's chasers were used.

Yet it was conceded by respondent that its chasers were frequently used to construct *for the first time* the patented combinations. This occurred particularly where the pur-

chaser of a new Landis die-head assembled new Chaso chasers in said head. It occurred also when an unworn chaser was replaced by a new Chaso chaser to cut a different thread. The purchaser of the Landis head had no express or implied license to originally assemble any of the patented combinations by reason of the purchase of only the heads and holders, which were capable of non-infringing use, and any right it might have to renew a combination purchased from petitioner, by replacement of a chaser, was limited to replacement of a worn-out chaser with one identical with the original, so as to reform the original combination and not to substitute a different chaser to produce a distinctly different combination. A purchaser who originally uses Chaso chasers to construct one of petitioner's patented combinations or distinctly different replacement chasers to bring into being a specifically different combination is not protected by the expendable element doctrine, and is a direct infringer of petitioner's patents when he makes said assemblies. Respondent contributes to such infringement in supplying the chaser, the active or dominant element of the combination, under *Leeds & Catlin Co.* v. *Victor Talking Machine Co. (No. 2)*, 213 U. S. 325, 53 L. Ed. 816, 29 S. Ct. 503.

The clear implication from the ruling of the Circuit Court of Appeals is that an expendable or perishable element, whether active or dominant, can be lawfully made and sold because of the inherent nature of the element and regardless of whether the element is used to replace a like worn-out element in the same combination, and regardless of clear absence of any implied or express right to make replacements. This is a novel proposition of patent law and constitutes an implied change in the law of *Leeds & Catlin* v. *Victor Talking Machine Company,* that, we submit, should not become the prevailing law, without express

sanction of this Honorable Court, which decided that case.

For it is believed to be incontrovertibly true that heretofore the doctrine of perishable and expendable elements has been limited to replacement of like worn-out elements in used combinations on the theory that such replacement is implied in the condition of sale and constitutes lawful repair of the used combination.

Perhaps, the Court of Appeals really had this aspect of the instant case in mind when it said, with regard to the doctrine of contributory infringement:

> "May we, however, without impropriety, suggest a doubt whether, for practical purposes, much is left of that other doctrine, that a combination of old elements is inventive if it produces a new and useful result, for if one supplier may furnish an integral part specifically intended for use in the patented combination, with no other use apparent, without being guilty of infringement, other manufacturers may do likewise in respect to other parts. The result may be that only he is an infringer who furnishes all of the elements of the patented combination and integrates them into operating embodiment, and so in many cases, the only infringers, as the present case illustrates, are the ultimate consumers whom it would be fruitless to pursue in the enforcement of patent rights."

After making the quoted comment the Court proceeded, however, as if all that was involved in this case was the production and sale of elements, alleged by respondent to be expendable or perishable, for use in the repair of worn-out combinations.

Petitioner recognizes that *Mercoid Corp.* v. *Mid-Continent Investment Corp.*, 320 U. S. 661, 88 L. Ed. 262, 64 S. Ct. 268, may be said to countenance the ruling of the Court of Appeals if the *Mercoid* case completely overrules *Leeds & Catlin v. Victor Talking Machine Co.* Petitioner's case is,

however, sharply distinguished from the *Mercoid* cas in that Landis created, developed, makes and supplies th whole patented combinations to the public, and it uses it patents to protect its combinations, and not, as in th *Mercoid* case, to control the sale of elements for use i combinations that were not being supplied to the public b the owners of the combination patents.

The far-reaching and sweeping change in existing la reasonably to be implied from the ruling of the Circu Court of Appeals in this case and *Mercoid* v. *Mid-Contine* requires, we submit, that the law be settled by this Ho orable Court.

Conclusion.

It, therefore, is respectfully submitted that this case one calling for the exercise by this Court of its supervisor powers and that to such end a writ of certiorari should b granted and this Court should review and reverse the de cision of the Circuit Court of Appeals for the Sixth Circu and the decision of the United States District Court fo the Eastern District of Michigan, Southern Division.

Respectfully submitted,

WILLIAM A. STRAUCH,
Counsel for Petitioner,
1001 Fifteenth St., N. W.,
Washington 5, D. C.

JAMES A. HOFFMAN,
J. MATTHEWS NEALE,
STRAUCH & HOFFMAN,
1001 Fifteenth St., N. W.,
Washington 5, D. C.

(22)

Office - Supreme Court, U. S.
FILED
AUG 12 1944
CHARLES ELMORE CROPLEY
CLERK

Supreme Court of the United States

October Term, 1944

No. 202

LANDIS MACHINE COMPANY,

Petitioner,

v.

CHASO TOOL COMPANY, INC.,

Respondent.

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

J. HAROLD KILCOYNE,
961 National Press Building,
Washington 4, D. C.,
ARTHUR RAISCH,
1501-1507 Ford Building,
Detroit 26, Michigan,
Counsel for Respondent.

Storch & Garthe, 7933 Mack Avenue—PLaza 5487

INDEX.

SUBJECT INDEX.

	Page
Brief in Opposition to Petition	1-15
Opinions of the Courts Below	1
Jurisdiction	2
Statement of the Case	2- 3
Summary of Argument	3- 8
Argument	9-14
Conclusion	15

TABLE OF CASES CITED.

Allatt, In re, 121 Fed. (2d) 545 (C. C. P. A.)	8
American Lecithin Co. v. Warfield Co., Warfield Co. v. American Lecithin Co., 105 Fed. (2d) 207 (C. C. A. 7)	5, 6, 12
American Safety Razor Corporation v. Frings Bros. Co., 56 Fed. (2d) 449 (D. C., E. D. Pa.)	4
American Safety Razor Corp. v. Frings Bros. Co., 62 Fed. (2d) 416 (C. C. A. 3), certiorari denied 53 S. Ct. 524, 77 Law Ed. 1476	4
Autographic Register Co. v. Sturgis Register Co. et al. and Sturgis Register Co. et al. v. Autographic Register Co., 110 Fed. (2d) 883 (C. C. A. 6), 73 Fed. (2d) 883 (C. C. A. 6)	4, 5, 6, 12
B. B. Chemical Co. v. Ellis et al., 314 U. S. 495-498, 86 Law Ed. 367 (52 U. S. P. Q. 33)	5, 6, 12

Barber Asphalt Corporation et al. v. La Fera Grecco Contracting Co. et al., 116 Fed. (2d) 211 (C. C. A. 3) 5, 6

Barber Colman Company v. The National Tool Company, 136 Fed. (2d) 339 (58 U. S. P. Q. 2) (C. C. A. 6) 5, 7

Bassick Manufacturing Company v. R. M. Hollingshead Company and G. S. Rogers et al. v. Alemite Corporation, 298 U. S. 415-426, 80 Law Ed. 1251 ..... 8, 14

Carbice Corporation of America v. American Patents Development Corporation and Dry Ice Corporation of America, 283 U. S. 27-35, 75 Law Ed. 819 ..... 5, 6, 7, 10, 12

Carlton v. Bokee, 17 Wall 463-473, 21 Law Ed. 517 8

Dehydrators, Ltd. et al. v. Petrolite Corporation, Ltd., 117 Fed. (2d) 183 (C. C. A. 9) 5, 6

Electric Auto-Lite Co. v. P. & D. Mfg. Co., Inc. et al., 78 Fed. (2d) 700 (C. C. A. 2) 4

Ferguson Mfg. Works, Inc. v. American Lecithin Co., 94 Fed. (2d) 729 (C. C. A. 1) 5, 6, 12

Fruehauf Trailer Co. v. Highway Trailer Co., 54 Fed. (2d) 691 (D. C., E. D. Mich., S. D.) 8

General Motors Corporation v. Preferred Electric & Wire Corp., 79 Fed. (2d) 621 (C. C. A. 2) 4

Gillette Safety Razor Co. v. Hawley Hardware Co., 60 Fed. (2d) 1019 (D. C., D. Conn.) 4

Gillette Safety Razor Co. v. Standard Safety Razor Co., 64 Fed. (2d) 6 (C. C. A. 2) 4

Harris Calorific Co. v. Marra, 95 Fed. (2d) 870 (C. C. A. 3) 4

Heyer v. Duplicator Manufacturing Company, 263 U. S. 100, 44 S. Ct. 31, 68 Law Ed. 189 ..... 4, 10

International Business Machines Corporation v. United States of America, 298 U. S. 131-140, 80 Law Ed. 1085 ..... 7, 13
Leitch Manufacturing Company v. Barber Company, 302 U. S. 458-463, 82 Law Ed. 371 ..... 5, 6, 12
Lincoln Engineering Company of Illinois v. Stewart-Warner Corporation, 303 U. S. 545-552, 82 Law Ed. 1008 ..... 8, 14
Maybach, In re, 107 Fed. (2d) 610 8
Mercoid Corporation v. Mid-Continent Investment Co. et al., 320 U. S. 661, 88 Law Ed. 262, 64 S. Ct. 268 (60 U. S. P. Q. 21) 7, 10
Mercoid Corporation v. Minneapolis-Honeywell Regulator Co. et al., 88 Law Ed. 273 (60 U. S. P. Q. 30) 7
Morgan Envelope Company v. Albany Perforated Wrapper Paper Company, 152 U. S. 425, 38 Law Ed. 500 ..... 3, 10
Morton Salt Company v. The G. S. Suppiger Company, 314 U. S. 488-494, 86 Law Ed. 363 (52 U. S. P. Q. 30) 5, 6, 12
Motion Picture Patents Company v. Universal Film Manufacturing Company et al., 243 U. S. 502-521, 61 Law Ed. 871 ..... 4, 6, 11
National Lock Washer Company v. George K. Garrett Company, Inc., 137 Fed. (2d) 255 (58 U. S. P. Q. 460) (C. C. A. 3) 5, 7
Novadel-Agene Corporation v. Penn et al., 119 Fed. (2d) 764 (C. C. A. 5) 5, 6
Oxford Varnish Corporation et al. v. Ault & Wiborg Corp., 83 Fed. (2d) 764 (C. C. A. 6) 8
Payne v. Dickinson, 109 Fed. (2d) 52 (C. C. A. 3), certiorari denied 84 Law Ed. 1406 4

Philad Co. v. Lechler Laboratories, Inc., 107 Fed. (2d) 747 (C. C. A. 2) 5, 6
Radio Corporation of America v. Lord, 28 Fed. (2d) 257 (C. C. A. 3) 8
United Shoe Machinery Corp. v. United States. 285 U. S. 451, 42 S. Ct. 363, 66 Law Ed. 708 8
Williams Manufacturing Company v. United Shoe Machinery Corp., 121 Fed. (2d) 273 (C. C. A. 6), 316 U. S. 364-394, 86 Law Ed. 1537 8
Wilson v. Simpson, 9 How. 109, 50 U. S. 109, 13 Law Ed. 66 ..... 3, 7, 10

STATUTES CITED.

Judicial Code, Sec. 240 (a), as amended, 28 U. S. C. 347 2
Clayton Act, Chapter 323, Sec. 3, of the Act of October 15, 1914, 38 Stat. 731, 15 U. S. C. 14 and 15 ..... 2, 7

Supreme Court of the United States

October Term, 1944

No. 202

LANDIS MACHINE COMPANY,

Petitioner,

v.

CHASO TOOL COMPANY, INC.,

Respondent.

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

I.

The Opinions of the Courts Below.

The opinion of the Sixth Circuit Court of Appeals is reported at 141 Fed. (2d) 800 (61 U. S. P. Q. 164) and appears at pages 4251-59 of the record. No opinion was written by the District Court but its Findings of Fact and Conclusions of Law appear at pages 4148 to 4204 of the record and are reported at 53 U. S. P. Q. 200.

II.

Jurisdiction.

(1) The jurisdiction of this Honorable Court is based upon Section 240 (a) of the Judicial Code as amended by the Act of February 13, 1925, 28 U. S. Code, Section 347.

(2) The petition involves two equity suits arising under the patent laws of the United States and the Circuit Court of Appeals for the Sixth Circuit affirmed the lower court's decree dismissing the bills of complaint and enjoining the petitioner from misuse of its patents in violation of the Clayton Act of October 15, 1914, c. 323, Sec. 3, 38 Stat. 731 (R. 4250, 4251). Although this Honorable Court has jurisdiction in this case and the exercise of this jurisdiction rests within the discretion of this Court, nevertheless there is no need for the exercise of this jurisdiction because the Circuit Court of Appeals for the Sixth Circuit in its rulings followed rules established by a long line of decisions of this Court and the lower Federal courts as pointed out below.

III.

Statement of the Case.

The patents in suit relate to die heads for cutting external threads. The dies which cut the threads are known as chasers. The chasers are held in a die head tangential to the work being threaded and therefore are known as tangential chasers. All of the patents in suit include the chaser as an element in combination with the die head.

None of the patents in suit claim the chaser per se (Finding 231, R. 4185, 171, 644, 645). The tangent chaser per se is old (R. 664). Petitioner did not originate the tangent type chaser and die head (Finding 32, R. 4151). Petitioner's patents covering the chaser per se expired before respondent entered the tangent chaser business (Finding 3, R. 4148, Finding 231, R. 4185). Respondent manufactures and sells tangent chasers for use in die heads purchased from the petitioner. The chasers are a perishable and expendable element which are short-lived in comparison with the life of the die head. The tangential chasers in the die head and chaser combinations shown in the prior patented art perform identically the same functions as the tangential chasers covered by the patents in suit (R. 655, 657, 439, 1660). All of the improvements covered by petitioner's patents have been made either in the chaser holders or in the die head (R. 171, 644, 645).

IV.

Summary of Argument.

Point I. The thread cutting chasers here involved are relatively short-lived and are frequently replaced during the normal life of the die head in which they are held. The right of the purchaser of a patented combination to replace elements which are short-lived in comparison to the life of the combination as a whole is well established by a long line of decisions:

Wilson v. Simpson, 9 How. 109, 50 U. S. 109, 13 Law Ed. 66;

Morgan Envelope Company v. Albany Perforated Wrapper Paper Company, 152 U. S. 425, 38 Law Ed. 500;

Theodore A. Heyer v. Duplicator Manufacturing Company, 263 U. S. 100, 44 S. Ct. 31, 68 Law Ed. 189;

Payne v. Dickinson, 109 Fed. (2d) 52 (C. C. A. 3), certiorari denied 84 Law Ed. 1406;

American Safety Razor Corp. v. Frings Bros. Co., 62 Fed. (2d) 416 (C. C. A. 3), certiorari denied 53 S. Ct. 524, 77 Law Ed. 1476;

Harris Calorific Co. v. Marra, 95 Fed. (2d) 870 (C. C. A. 3);

Autographic Register Co. v. Sturgis Register Co. et al. and *Sturgis Register Co. et al. v. Autographic Register Co.*, 110 Fed. (2d) 883 (C. C. A. 6), 73 Fed. (2d) 883 (C. C. A. 6);

Electric Auto-Lite Co. v. P. & D. Mfg. Co., Inc., et al., 78 Fed. (2d) 700 (C. C. A. 2);

General Motors Corporation v. Preferred Electric & Wire Corp., 79 Fed. (2d) 621 (C. C. A. 2);

American Safety Razor Corporation v. Frings Bros. Co., 56 Fed. (2d) 449 (D. C., E. D. Pa.);

Gillette Safety Razor Co. v. Standard Safety Razor Co., 64 Fed. (2d) 6 (C. C. A. 2);

Gillette Safety Razor Co. v. Hawley Hardware Co., 60 Fed. (2d) 1019 (D. C., D. Conn.).

Point II. The petitioner cannot defeat the rule established by *Wilson v. Simpson*, supra, and the other decisions cited under Point I, by attaching patent and license notices to its chasers and die heads which have as their sole purpose to force owners of the patented die heads to purchase all of their chasers and repair parts from the petitioner.

Motion Picture Patents Company v. Universal Film Manufacturing Company, et al., 243 U. S. 502-521, 61 Law Ed. 871;

Carbice Corporation of America v. American Patents Development Corporation and Dry Ice Corporation of America, 283 U. S. 27-35, 75 Law Ed. 819;

Leitch Manufacturing Company v. Barber Company, 302 U. S. 458-463, 82 Law Ed. 371;

B. B. Chemical Co. v. Ellis, et al., 314 U. S. 495-498, 86 Law Ed. 367 (52 U. S. P. Q. 33);

Morton Salt Company v. The G. S. Suppiger Company, 314 U. S. 488-494, 86 Law Ed. 363 (52 U. S. P. Q. 30);

J. C. Ferguson Mfg. Works, Inc. v. American Lecithin Co., 94 Fed. (2d) 729 (C. C. A. 1);

Autographic Register Co. v. Sturgis Register Co., et al. and *Sturgis Register Co., et al. v. Autographic Register Co.*, 110 Fed. (2d) 883 (C. C. A. 6);

American Lecithin Co. v. Warfield Co., Warfield Co. v. American Lecithin Co., 105 Fed. (2d) 207 (C. C. A. 7);

Barber Asphalt Corporation et al. v. LaFera Grecco Contracting Co., et al., 116 Fed. (2d) 211 (C. C. A. 3);

Dehydrators, Ltd., et al. v. Petrolite Corporation, Ltd., 117 Fed. (2d) 183 (C. C. A. 9);

Philad Co. v. Lechler Laboratories, Inc., 107 Fed. (2d) 747 (C. C. A. 2);

Novadel-Agene Corporation v. Penn, et al., 119 Fed. (2d) 764 (C. C. A. 5);

Barber Colman Company v. The National Tool Company, 136 Fed. (2d) 339 (58 U. S. P. Q. 2) (C. C. A. 6);

The National Lock Washer Company v. George K. Garrett Company, Inc., 137 Fed. (2d) 255 (58 U. S. P. Q. 460) (C. C. A. 3).

Point III. Petitioner should be denied relief because it has without authority of law attempted to extend its monopoly to cover the unpatented and expendable chaser by notice accompanying its die heads, chasers and invoices.

Motion Picture Patents Company v. Universal Film Manufacturing Company, et al., 243 U. S. 502-521, 61 Law Ed. 871;

Carbice Corporation of America v. American Patents Development Corporation and Dry Ice Corporation of America, 283 U. S. 27-35, 75 Law Ed. 819;

Leitch Manufacturing Company v. Barber Company, 302 U. S. 458-463, 82 Law Ed. 371;

B. B. Chemical Co. v. Ellis, et al., 314 U. S. 495-498, 86 Law Ed. 367 (52 U. S. P. Q. 33);

Morton Salt Company v. The G. S. Suppiger Company, 314 U. S. 488-494, 86 Law Ed. 363 (52 U. S. P. Q. 30);

J. C. Ferguson Mfg. Works, Inc. v. American Lecithin Co., 94 Fed. (2d) 729 (C. C. A. 1);

Autographic Register Co. v. Sturgis Register Co., et al. and *Sturgis Register Co., et al. v. Autographic Register Co.*, 110 Fed. (2d) 883 (C. C. A. 6);

American Lecithin Co. v. Warfield Co., Warfield Co. v. American Lecithin Co., 105 Fed. (2d) 207 (C. C. A. 7);

Barber Asphalt Corporation, et al. v. LaFera Grecco Contracting Co., et al., 116 Fed. (2d) 211 (C. C. A. 3);

Dehydrators, Ltd., et al. v. Petrolite Corporation, Ltd., 117 Fed. (2d) 183 (C. C. A. 9);

Philad Co. v. Lechler Laboratories, Inc., 107 Fed. (2d) 747 (C. C. A. 2);

Novadel-Agene Corporation v. Penn, et al., 119 Fed. (2d) 764 (C. C. A. 5);

Barber Colman Company v. The National Tool Company, 136 Fed. (2d) 339 (58 U. S. P. Q. 2) (C. C. A. 6);

The National Lock Washer Company v. George K. Garrett Company, Inc., 137 Fed. (2d) 255 (58 U. S. P. Q. 460) (C. C. A. 3);

Mercoid Corporation v. Mid-Continent Investment Company, et al., 320 U. S. 661, 88 Law Ed. 262, 64 S. Ct. 268 (60 U. S. P. Q. 21);

Mercoid Corporation v. Minneapolis-Honeywell Regulator Company, et al., 88 Law Ed. 273 (60 U. S. P. Q. 30).

Point IV. There is no need for this Court to consider the full implications of its rulings in the *Mercoid Corporation v. Mid-Continent Investment Company*, 320 U. S. 661, 88 Law Ed. 262, 60 U. S. P. Q. 21, because the Court of Appeals for the Sixth Circuit specifically avoided resting its decision on the *Mercoid* cases and relied instead upon the rules enunciated in *Wilson v. Simpson*, supra, and *Carbice Corporation of America v. American Patents Development Corporation and Dry Ice Corporation of America*, supra.

Point V. Petitioner violates the Clayton Act, Title 15 U. S. C. A. § 14, because it sells its die heads on the condition that the purchaser buy all its chasers for use in said die heads from petitioner and petitioner sells chasers on the condition that the purchaser buy all its die heads for use with such chasers from petitioner.

International Business Machines Corporation v. United States of America, 298 U. S. 131-140, 80 Law Ed. 1085;

United Shoe Machinery Corp. v. United States, 258 U. S. 451, 42 S. Ct. 363, 66 Law Ed. 708;
Oxford Varnish Corporation et al. v. Ault & Wiborg Corp., 83 Fed. (2d) 764 (C. C. A. 6);
Radio Corporation of America v. Lord, 28 Fed. (2d) 257 (C. C. A. 3).

Point VI. The patents in suit are void because they cover an old and exhausted combination of chaser and die head or chaser and holder.

Bassick Manufacturing Company v. R. M. Hollingshead Company and *G. S. Rogers et al. v. Alemite Corporation*, 298 U. S. 415-426, 80 Law Ed. 1251;
Lincoln Engineering Company of Illinois v. Stewart-Warner Corp., 303 U. S. 545-552, 82 Law Ed. 1008;
Carlton v. Bokee, 17 Wall. 463-473, 21 Law Ed. 517;
Fruehauf Trailer Co. v. Highway Trailer Co., 54 Fed. (2d) 691 (D. C., E. D. Mich., S. D.);
The Williams Manufacturing Company v. United Shoe Machinery Corp., 121 Fed. (2d) 273 (C. C. A. 6), 316 U. S. 364-394, 86 Law Ed. 1537;
In re Allatt, 121 Fed (2d) 545 (C. C. P. A.);
In re Maybach, 107 Fed. (2d) 610.

V.

ARGUMENT.

Point I. Bearing in mind that the actual cutting of the thread is done entirely by the chaser, ordinary horse-sense tells one that the chaser, like any other cutting tool, is bound to wear out long before the die head. Kirkpatrick, vice-president and general manager of the petitioner company, testified that die heads and holders

> "consume from 50 to 250 sets of chasers during their normal life * * *." (R. 91).

Since each set comprises four or more chasers, this means that a die head would consume from 200 to 1000 chasers during its normal life. The record is replete with testimony by petitioners own experts and others which incontrovertibly shows that the chasers are consumable elements which perish long before the normal life of the die head (R. 827, 1478, 1773, 1774, 1846, 826, 1617, 2587, 2588, 2593, 2594). In fact, large corporations like Chrysler Motor Company and General Motors Corporation in their tool-costs department classify thread cutting chasers, like all cutting tools, as perishable tools and classify the die head as an asset (R. 1852, 1854-5). The colloquy between the Honorable District Court and the petitioner's general manager (R. 1385, 1386) clearly shows that petitioners entire business practice is founded upon the fact that the chaser is a perishable element and that a die head will consume large numbers of chasers in its life time of use. Since the die head serves as a tool chuck for holding the thread cutting tool or chaser, the question here presented is: May the owner of a patent covering a tool chuck and tool monopolize the manufacture and sale of all tools used in that chuck?

At the outset it is well to note that the Circuit Court of Appeals did not rest its decision upon the recent case of *Mercoid Corporation v. Mid-Continent Investment Company,* 320 U. S. 661, 88 Law Ed. 262 (R. 4252) but rested its decision squarely upon the rule enunciated in *Wilson v. Simpson,* supra, and the long line of decisions cited in the summary following the rule of this leading case (R. 4255). The Court of Appeals stated:

> "The chaser is a cutting tool, and while from time to time its effectiveness may be renewed by grinding and sharpening, it would seem inescapable that it is an expendable element of the patented combination, and so under the rule of the cited cases, being itself unprotected by existing patents, may not be brought within patent protection." (R. 4255).

The tangent chasers which respondent sells to the purchasers of the patented die heads are expendable elements which are the exact counterpart of the cutting knives of the patented wood planing machine in *Wilson v. Simpson,* supra, of the gelatine bands in the patented duplicating machine, *Heyer v. Duplicator Manufacturing Company,* supra, the toilet paper roll in the patented toilet paper and dispensing fixture combination of *Morgan Envelope Co. v. Albany Perforated Wrapper Paper Co.,* supra, and of the solidified carbon dioxide refrigerant in the patented refrigerated package in the case of *Carbice Corporation of America v. American Patent Development Corporation and Dry Ice Corporation of America,* supra. It is submitted that the Court of Appeals properly affirmed the District Judge's holding that the respondent lawfully sold chasers for use in die heads of petitioner's manufacture.

Point II. Petitioner seeks to avoid the rule of *Wilson v. Simpson,* supra, by attaching license and patent notices to

its die heads, chasers and chaser holders (R. 4194, 4193, 4195). The import of these notices is that a license to use petitioner's die heads for thread cutting can only be obtained by purchasing the expendable chasers from petitioner and that such license exists only for the life of the chasers. If petitioner could avoid the rule of *Wilson v. Simpson*, supra, and related cases by such patent notices, it would successfully circumvent the salutary rule denying relief to a patentee who unlawfully misuses his patents enunciated by this Honorable Court in a long line of decisions cited supra in the summary under Point II. These decisions clearly condemn petitioner's attempt by patent notices to circumvent the rule of *Wilson v. Simpson* and unduly prolong its patent monopoly.

Point III. Petitioner sells its die heads at a price bearing no relation to cost (R. 1588). Petitioner sells its die heads below cost and depends upon its chaser sales alone to make a profit and recoup the losses on the die head sales (R. 1385, 1386). Petitioner, in view of its business practice above specified, is naturally loathe to give up its monopoly on the tangent chasers and accordingly has attempted, contrary to law, to use its patents as though they still covered the chasers per se. Petitioner has attached patent notices to its die heads and chasers which inevitably lead the purchasers of the die heads to believe that they are compelled to purchase all the chasers used in these die heads from petitioner (R. 4193, 4194, 4195). By a long line of decisions this Honorable Court has denied relief to patentees that so misuse their patents.

Motion Picture Patents Company v. Universal Film Manufacturing Company et al., 243 U. S. 502-521, 61 Law Ed. 871;

Carbice Corporation of America v. American Patents Development Corporation and Dry Ice Corporation of America, 283 U. S. 27-35, 75 Law Ed. 819;

Leitch Manufacturing Company v. Barber Company, 302 U. S. 458-463, 82 Law Ed. 371;

B. B. Chemical Co. v. Ellis et al., 314 U. S. 495-498, 86 Law Ed. 367 (52 U. S. P. Q. 33);

Morton Salt Company v. The G. S. Suppiger Company, 314 U. S. 488-494, 86 Law Ed. 363 (52 U. S. P. Q. 30);

J. C. Ferguson Mfg. Works, Inc. v. American Lecithin Co., 94 Fed. (2d) 729 (C. C. A. 1);

Autographic Register Co. v. Sturgis Register Co., et al. and *Sturgis Register Co., et al. v. Autographic Register Co.*, 110 Fed. (2d) 883 (C. C. A. 6);

American Lecithin Co. v. Warfield Co., Warfield Co. v. American Lecithin Co., 105 Fed. (2d) 207 (C. C. A. 7);

and cases cited under Point III. In view of these decisions it is believed that the Circuit Court of Appeals ruled correctly in affirming the District Court's decision denying relief to petitioner because of its unlawful misuse of its patents.

Point IV. Since the Circuit Court of Appeals and the District Court based their decisions squarely upon (1) the rule enunciated in *Wilson v. Simpson*, supra, relating to the lawful replacement of a perishable element of a patented combination (R. 4255) and (2) the rule enunciated in the *Carbice* and *Leitch cases*, supra, denying relief to a patentee who unlawfully misuses his patent (R. 4255, 4252), there is no need for this Honorable Court, insofar as this case is concerned, to clarify the holding in *Mercoid*

Corporation v. Mid-Continent Investment Company, supra, even were such clarification desirable.

Point V. Petitioner sells its chasers on condition that the purchaser also buy petitioner's die heads for use with the chasers and sells its die heads on the condition that the purchaser also buy petitioner's chasers (R. 4191-4196, Petitioner's Exhibits 79-82). Even though petitioner does not say so in so many words, this is the plain intention of its notice system and falls within the condemnation of the *International Business Machines Corporation v. United States of America*, 298 U. S. 131-140, 80 Law Ed. 1085, wherein the defendant merely made its lease terminable if the lessee used cards purchased from a source other than the lessor.

The Clayton Act expressly forbids tying the sale of goods "whether patented or unpatented." Petitioner's whole economic theory upon which it bases its business practices, drives petitioner inevitably into a violation of the Clayton Act. The sale of the die head is the thing, regardless of cost, but to avoid a loss and make a profit, petitioner must obtain the sale of the chasers used in its die heads. Hence, the tying of die head and chaser sales in violation of the Clayton Act. Except for respondent's meager sales, petitioner has a monopoly in sale of the unpatented Landis type tangent chasers (R. 1413, 4137, 4138, 4190, Finding 276). It is submitted that the Court of Appeals correctly affirmed the District Court's holding that petitioner's business practices violated the Clayton Act.

Point VI. Since the combination of chaser and die head was old long prior to any of the patents in suit, and since all of the improvements have been in the die head itself and not in the chaser (R. 171, 644, 664, 2638-9, 655, 657,

439, 1660, 653) it is submitted that by including the chaser as an element in this old combination petitioner's patents are void in view of the rule enunciated in *Bassick Manufacturing Co. v. R. M. Hollingshead Co.*, 298 U. S. 415-426, 80 Law Ed. 1251 and the related cases cited under Point VI in the summary.

Petitioner by including the chaser in this old and exhausted combination has sought to extend its monopoly to the unpatented chaser. Since petitioner sells its die heads at a loss and depends upon the profits from its chaser sales to offset this loss and to obtain a net profit on its over all business, petitioner's motive in so attempting to extend its patent monopoly to the unpatented chaser is clearly evident. This renders petitioner's patents void in view of the holding in this Honorable Court in the *Lincoln Engineering Company v. Stewart-Warner*, supra, wherein Justice Roberts stated at page 1012:

> "We conclude that Butler's effort, by the use of a combination claim, to extend the monopoly of his invention of an improved form of chuck or coupler to old parts or elements having no new function when operated in connection with the coupler renders the claim void."

CONCLUSION.

It is therefore believed that in view of the well established authority upon which the Circuit Court of Appeals and the District Court relied in deciding this case there is no need for this Honorable Court to exercise its supervisory powers and that therefore this petition should be denied.

Respectfully submitted,

J. HAROLD KILCOYNE,
ARTHUR RAISCH,
Counsel for Respondent.

23

SEP 12 1944

CHARLES ELMORE CROPLEY

IN THE

Supreme Court of the United States

OCTOBER TERM, 1944.

No. 202

LANDIS MACHINE COMPANY, *Petitioner,*

v.

CHASO TOOL COMPANY, INC., *Respondent.*

PETITIONER'S REPLY BRIEF ON PETITION FOR WRIT OF CERTIORARI.

WILLIAM A. STRAUCH,
Counsel for Petitioner.

JAMES A. HOFFMAN,
J. MATTHEWS NEALE,
STRAUCH & HOFFMAN,
Of Counsel.

PRESS OF BYRON S. ADAMS, WASHINGTON, D. C.

INDEX.

	Page
Petitioner's Reply Brief on Petition for Writ of Certiorari	1
Respondent's Point I	1
Respondent's Point II	3
Respondent's Point III	4
Respondent's Point IV	5
Respondent's Point V	5
Respondent's Point VI	6
Conclusion	7

INDEX OF CASES.

Mercoid Corp. v. Mid-Continent Investment Company, 320 U. S. 661, 88 Law Ed. 262	3, 5
Wilson v. Simpson, 9 How. 109, 50 U. S. 109, 13 Law Ed. 66	3, 4
Leeds & Catlin v. Victor Talking Machine (No. 2), 213 U. S. 325, 53 L. Ed. 816, 29 S. Ct. 503	5

IN THE

Supreme Court of the United States

OCTOBER TERM, 1944.

No. 202.

LANDIS MACHINE COMPANY, *Petitioner,*

v.

CHASO TOOL COMPANY, INC., *Respondent.*

PETITIONER'S REPLY BRIEF ON PETITION FOR WRIT OF CERTIORARI.

In view of the nature of Respondent's argument in its brief in opposition to Petitioner's petition for certiorari, the fact that the record in this case comprises 4,261 pages, and to present to the Court what we deem to be the facts which should be controlling in determining the applicable law, the following comments on Respondent's brief are respectfully submitted.

Respondent's Point I.

Respondent's argument under point I fails to point out that the chasers in suit differ from other cutting tools in that they (1) include means to assure proper tracking of successive chasers of each set, (2) are provided with par-

ticular clearances known as nut clearances to enable the chasers to feed the work and cutters relative to each other at a desired rate to give the thread the desired lead, (3) are designed to impart the forces to the head mechanism to trip the head, disengage the chasers from the work and break off the final thread chips clearly, (Findings 65 to 68, R. 4156, 4157) and that the parts of the combination other than the chasers are usable alone (Findings 61, 68, R. 4156, 4157), that the proportions of the chasers in suit were varied to cooperate more efficiently with the other parts of the combination (R. 313, 314), that the nut clearance was effectively reduced in the chasers in suit to improve the threading characteristics of the combination (R. 447, 448), that the chasers in suit will not fit in plaintiff's prior art head, DX-59 (F. 221, R. 4184), and that a part, at least, of the improvements effected by the patented structures are due to the combinations of elements recited in said claims (F. 214, R. 4183). These factors refute Respondent's statement midway of page 3 of its brief asserted to be sustained by pages 171, 644 and 645 of the record.

Respondent's argument also overlooks the fact that Petitioner's tangent chasers, unlike competitive radial chasers obtainable on the market, can be individually reground and reset to accurate cutting position 40 to 200 times (Findings 55, 70 and 71, R. 4155, 4157). As a consequence, Petitioner's chasers, due to the particular combinations involved, enable purchasers to make 160 to 800 repair operations before the life of a set of four chasers is exhausted. And before the life of a set of chasers costing an average of $9.00 per set (Finding 24, R. 4150) when used with Petitioner's heads costing an average of $160, (Finding 22, R. 4150) and useful as a tool chuck for other tools (Findings 60, 61, R. 4155, 4156) from 200,000 to 1,000,000 steel work pieces may be threaded (Findings 69, 71, R. 4157) so that even if the purchaser bought only one set of chasers with a head and then threw them away he would have had the benefit of a reasonable life for his whole expenditure out of the thread cutting combinations alone.

The question posed by Respondent at the bottom of page 9 therefore should read:

> "May the owner of a patent covering a novel combination of a special tool chuck useful independently of the patented combination and a particular type of tool which performs cutting operations and in addition feeds and controls automatic operation of the whole combination enjoy the exclusive manufacture and sale of the combination defined by the patented combination claims allowed because of the new and superior functioning of the patented combinations?"

This question, it is submitted is not answered by the decision of this Honorable Court in *Mercoid Corporation* v. *Mid-Continent Investment Company*, 320 U. S. 661, 88 Law Ed. 262; *Wilson* v. *Simpson*, 9 How. 109, 50 U. S. 109, 13 Law Ed. 66, or any of the other decisions relied upon by Respondent, since all those decisions are based, first, on an implied right arising by reason of the terms of sale; second, the fact that the remainder of the combination is useless without the exhausted part; and, third, that the price paid the patent owner entitles the purchaser to continue the combination in use to obtain a fair return on his money. Here, where the patent owner and his purchasers deal openly with each other in a manner to negative an implied license to replace the exhausted part, where the heads are usable without the chasers, and where the price charged for the thread cutting combination (Petitioner's Main Brief pp. 16 and 17) is entirely fair for the limited use sold, the exhausted elements of these decisions clearly are not the exact counterpart of Petitioner's chasers and we respectfully submit the decisions relied upon by Respondent do not control the issues here presented.

Respondent's Point II.

Contrary to Respondent's suggestion (Respondent's Brief pp. 10 and 11) Petitioner does not seek to avoid the rule of *Wilson* v. *Simpson* by its license and patent notices.

By these notices it advises customers of its patent protection, and that purchasers of heads or holders do not include implied licenses to convert them into the patented thread cutting combinations. Petitioner is compensated under its patent rights by purchase of the chasers used in the assembly and a license from Petitioner. Such notices do not prevent Respondent from selling the particular chaser covered by Petitioner's expired patents nor do they circumvent the rule in *Wilson* v. *Simpson* and like cases relied upon by Respondent, all of which are based on the implied license doctrine, and the fact that the remainder of the combination is of no utility without the cutter blades.

Respondent's Point III.

Respondent, at page 11 of its brief, says that Petitioner's patent notices inevitably lead purchasers to believe they are compelled to purchase all the chasers used in these die heads from Petitioner.

Referring to Petitioner's notices (Findings 291 to 298, R. 4191 to 4196), it is clear that purchasers of Petitioner's patented die heads are given notice not to assemble the patented thread cutting combinations unless they buy the chasers from Petitioner with the license to assemble the patented combinations. It is difficult to see how any notice could be more clearly worded to protect Petitioner's rights in the combination itself rather than any specific element. Nowhere in these notices is there any wording compelling purchasers to make any purchase from Petitioner. Surely Petitioner should not be forced to sell the separately useful heads and holders in such manner that purchasers thereof also acquire the right to assemble the whole patented combination. The injustice of this contention, we submit, will be apparent upon consideration of the remarkably low threading costs (Petitioner's main brief, p. 17) which Petitioner's sales methods assure purchasers and the public.

Respondent's Point IV.

While it may be true that this Court need not consider clarifying its decision in *Mercoid Corporation* v. *Mid-Continent Investment Company* if it upholds the decision of the Court of Appeals 6th based on *Wilson* v. *Simpson*, and the *Carbice* and *Leitch* decisions, it is respectfully submitted that a clarification of the Mercoid ruling will be essential if Petitioner's position on these earlier cases, which we submit is correct, is upheld. Furthermore, it would be most desirable, as suggested by the Court of Appeals' opinion (R. 4252) and the Patent, Trade-Mark and Copyright section of the American Bar Association (see page 130 of the American Bar Association's 1944 convention publication entitled "Advance Program" Chicago, September 11-14, 1944), to obtain clarification of the Mercoid rule in a fact situation truly comparable to the case of *Leeds & Catlin* v. *Victor Talking Machine* (No. 2), 213 U. S. 325, 53 L. Ed. 816, 29 S. Ct. 503, to enable the Courts, the Patent Office, patent owners and others to fully comprehend the scope of the revision made in the doctrine of the *Leeds & Catlin* rule which has been the rule for the past thirty-five years.

Respondent's Point V.

Respondent, on page 13 of its brief, suggests that Petitioner sells chasers on condition that the purchaser buy Petitioner's die heads and sells its die heads on condition the purchaser buy Petitioner's chasers. This contention, so far as Petitioner can determine, is not supported by its notices and licenses and there is no other agreement or understanding imposed by Petitioner which could have such an effect. While it is true that the Court of Appeals stated "Compulsion is there whether expressed or not." (R. 4258), it should be noted that such compulsion as may exist is not the result of the notices or conditions of sale but arises from the natural and intended operation of the patent laws, because Petitioner's patents contain combination claims the disregard of which would subject an unlicensed

assembler or user to responsibility for infringement. Such compulsion, if it may be called compulsion, is lawful since it is the natural consequence of Petitioner's combination patents and our patent law. If such compulsion is not permissible, the Court of Appeals' remarks (R. 4251, 4252):

> "May we, however, without impropriety, suggest a doubt whether, for practical purposes, much is left of that other doctrine, that a combination of old elements is inventive if it produces a new and useful result, for if one supplier may furnish an integral part specifically intended for use in the patented combination, with no other use apparent, without being guilty of infringement, other manufacturers may do likewise in respect to other parts."

become particularly significant and we submit a clear line between the limitations of the Clayton Act and the rights granted by the patent law should be laid down for guidance of the courts, patent owners and the public in general.

Respondent's Point VI.

Respondent under point VI questions the validity of Petitioner's patents. The Court of Appeals specifically refused to rule on this question (R. 259), because to do so required consideration of the several thousand pages of expert testimony, the fourteen complicated machine tool patents in suit, the various machines upon which the patented structures are usable as a result of the claimed improvements, and the reasons why the many prior art heads are incapable of use on such machines. It is therefore respectfully submitted Petitioner should have the benefit of consideration and an opinion by the Court of Appeals on the question of validity before it is considered and ruled upon by this Honorable Court.

Conclusion.

It, therefore, is respectfully submitted that Petitioner's request for a Writ of Certiorari should be granted to dispose of the questions of contributory infringement, the propriety of Petitioner's patent notices and licenses, the application of the doctrine of misuse of patents and the application of the Clayton Act only.

Respectfully submitted,

WILLIAM A. STRAUCH,
Counsel for Petitioner,
1001 Fifteenth Street, N. W.,
Washington 5, D. C.

JAMES A. HOFFMAN,
J. MATTHEWS NEALE,
STRAUCH & HOFFMAN,
Of Counsel,
1001 Fifteenth Street, N. W.,
Washington 5, D. C.